

**2020VISION**

**“Close and reliable partner” anywhere on the earth  
with the best solutions through **Kenkijin Spirit****

**Mid-term Management Plan**

**“CONNECT TOGETHER 2019”  
【FY2017-FY2019】**



**Hitachi Construction Machinery Co., Ltd.**

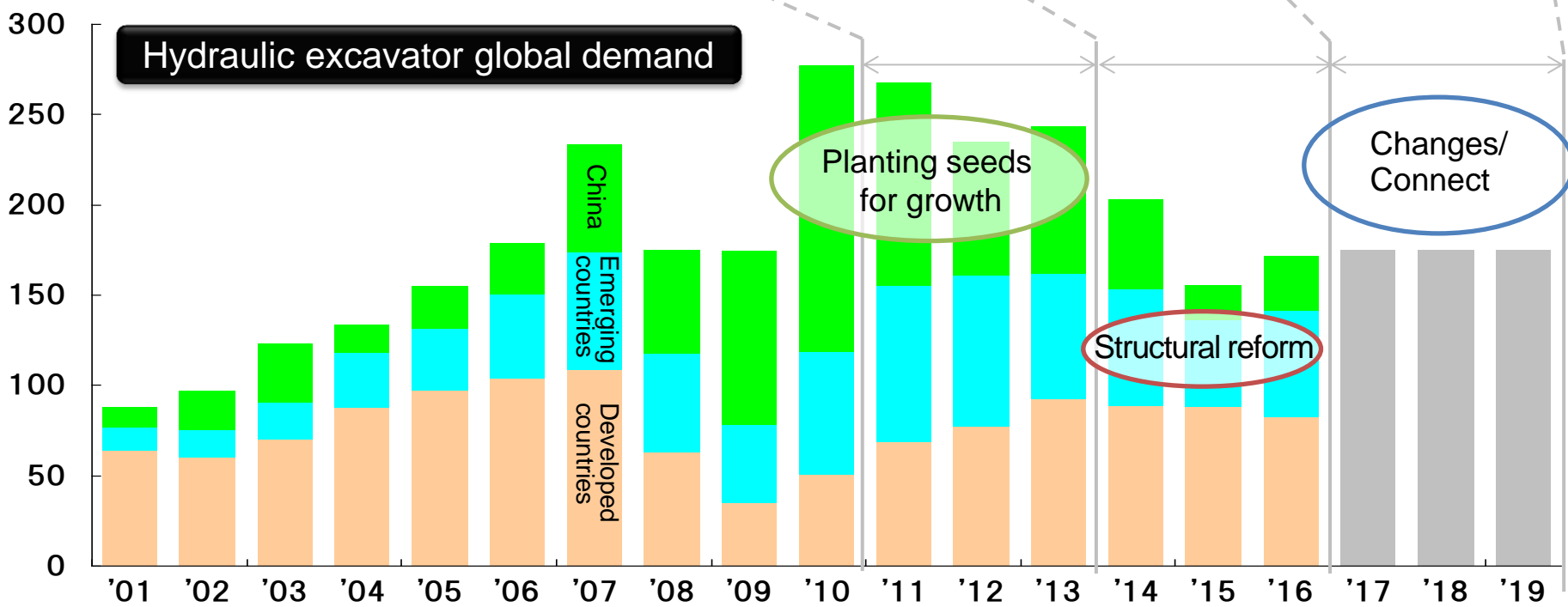
Representative Executive Officer,  
President and Executive Officer

**Kotaro Hirano**

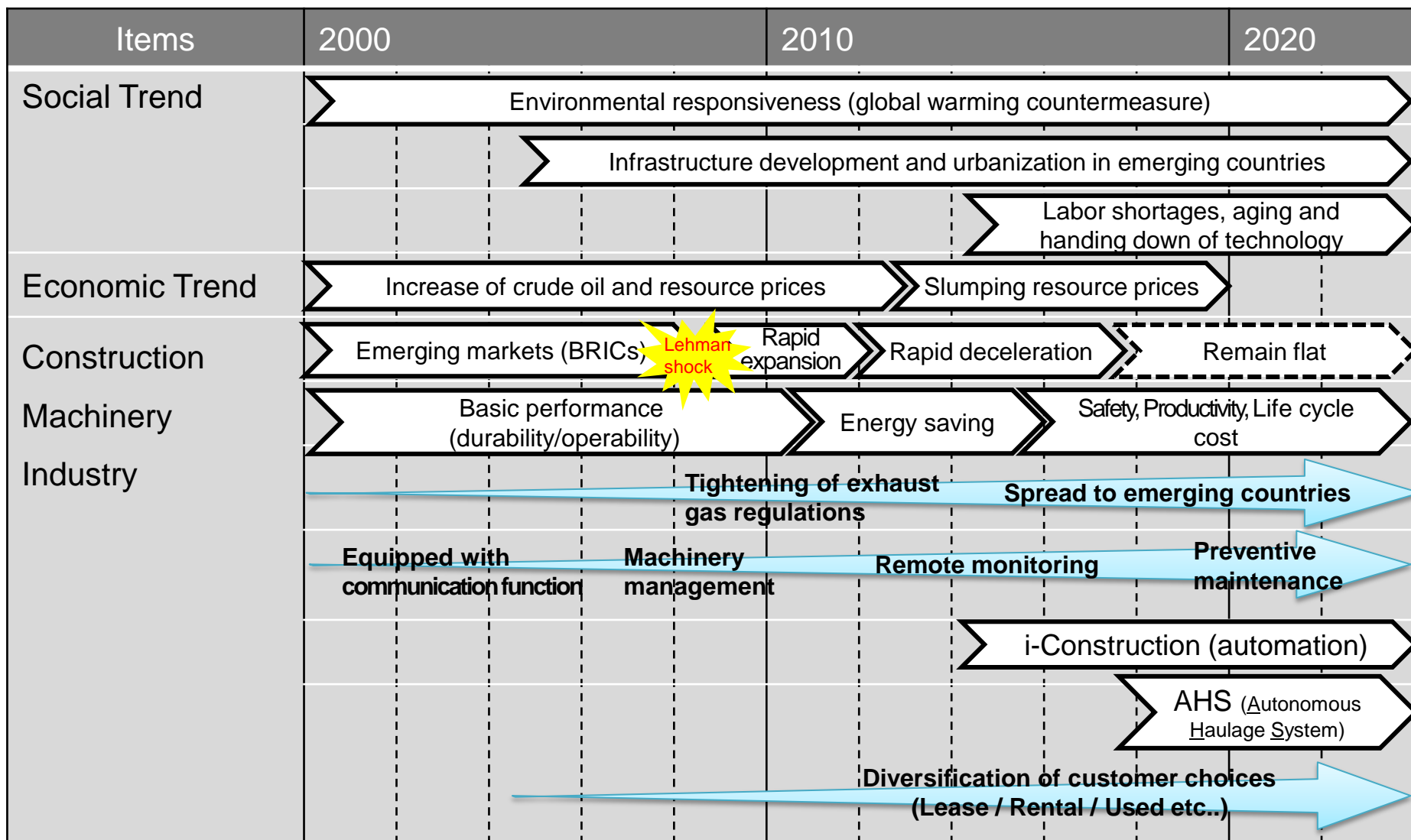
1. Positioning of the new Mid-term Management Plan
2. New Mid-term Management Plan  
"CONNECT TOGETHER 2019"
3. Conclusion



Thousand units / Year



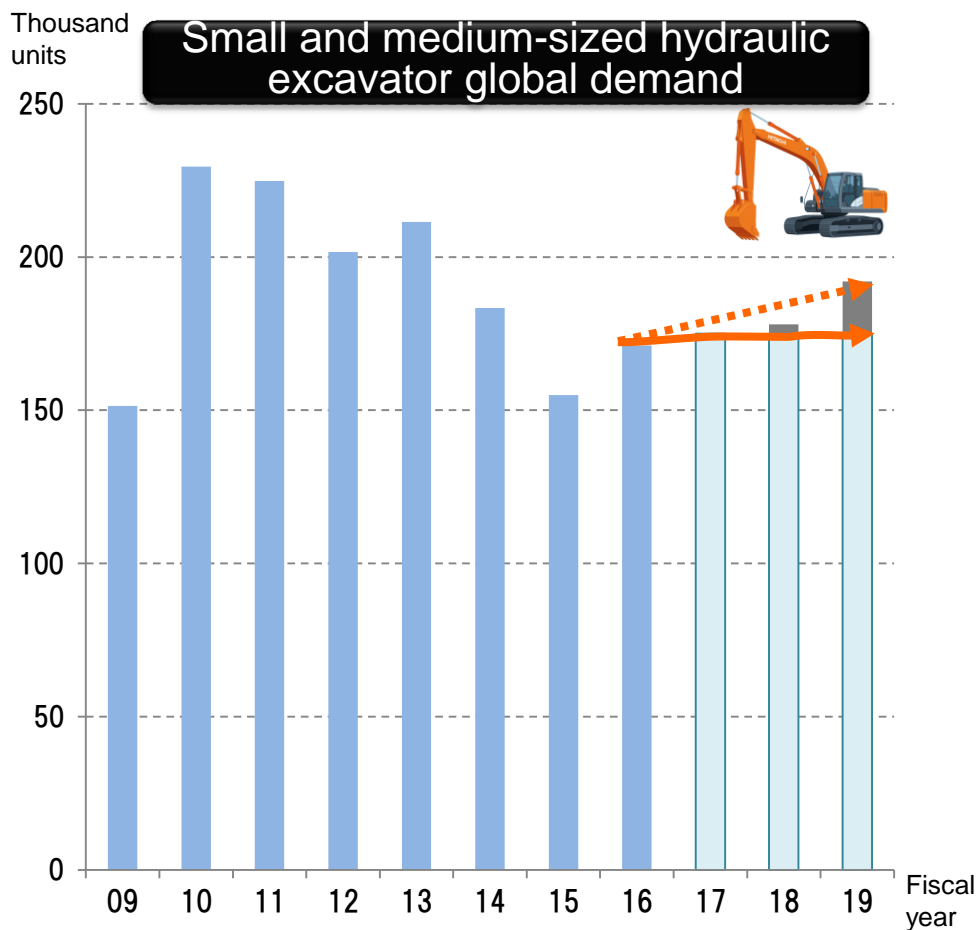
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## Construction

- Significant demand recovery is not expected.
- ICT machinery is expected to be widespread in Japan, the United States, Europe, Australia, etc.

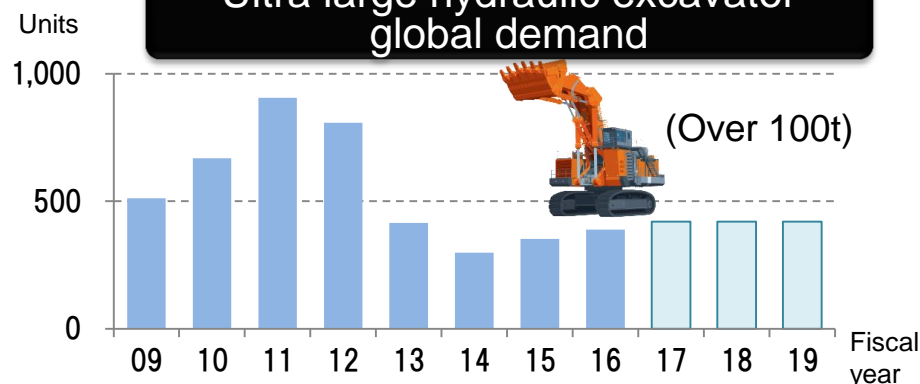
### Small and medium-sized hydraulic excavator global demand



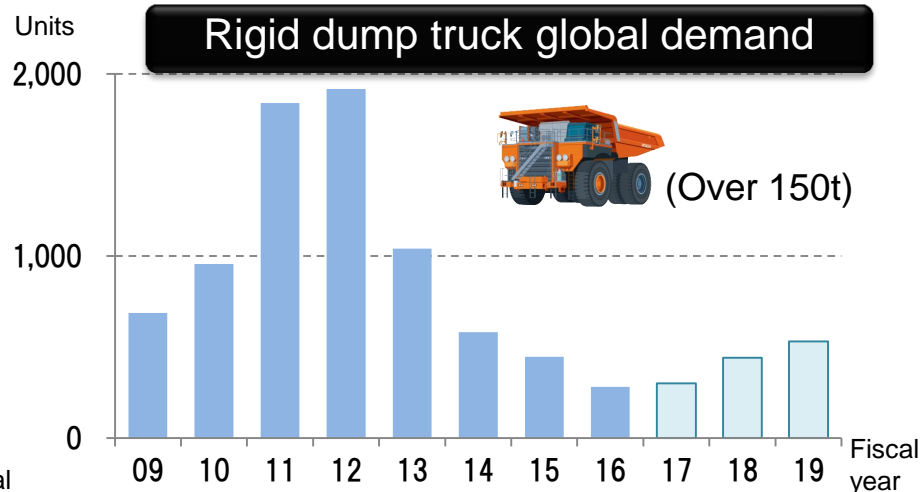
## Mining

- Restricted investment due to resource prices stuck at the mid-level.
- Lengthening of machinery usage period

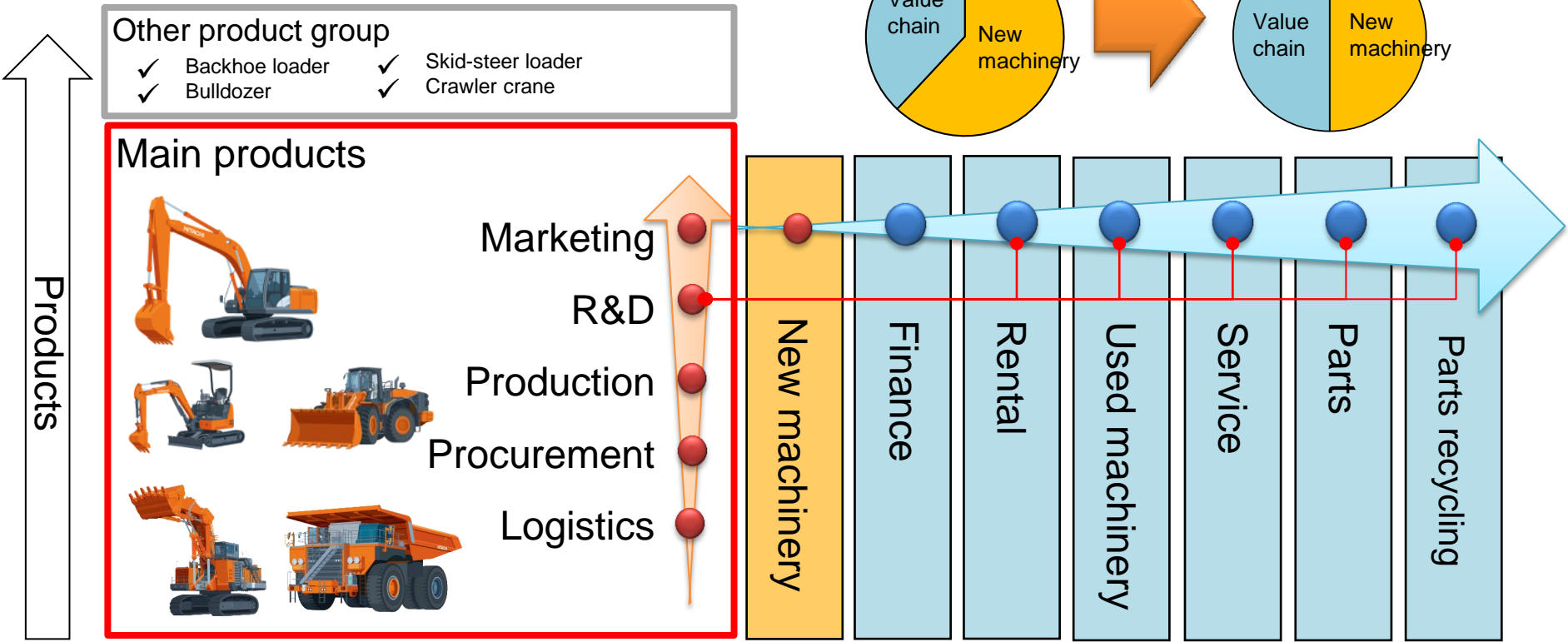
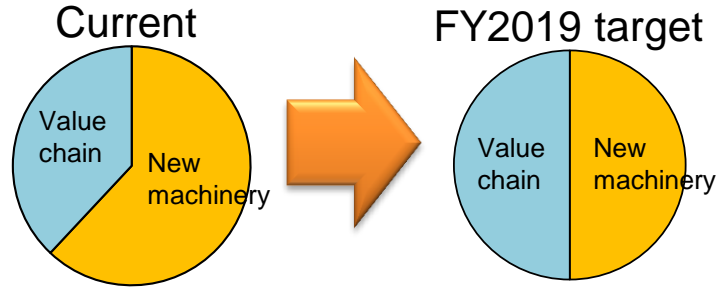
### Ultra large hydraulic excavator global demand



### Rigid dump truck global demand

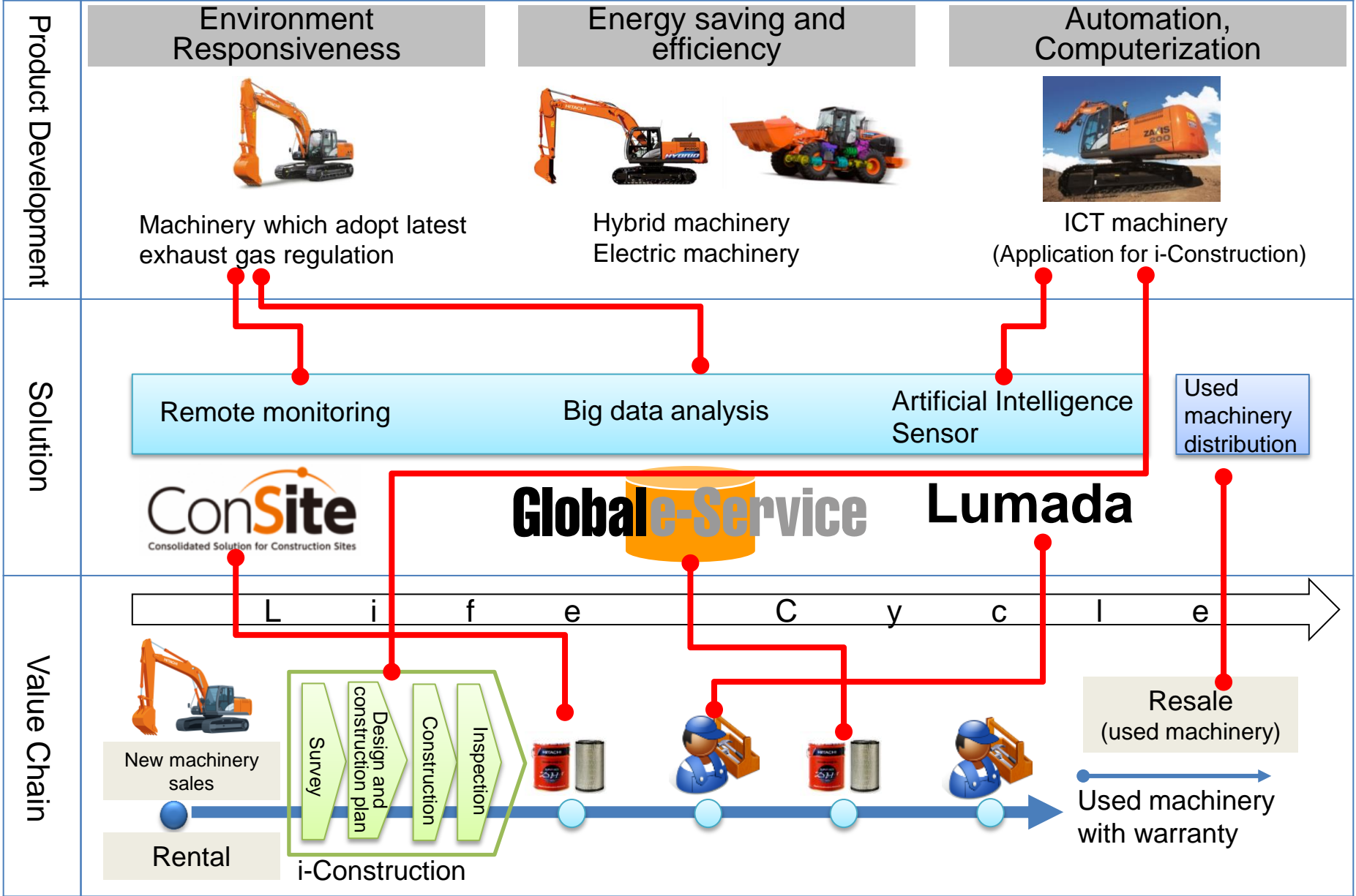


## Value chain business ratio

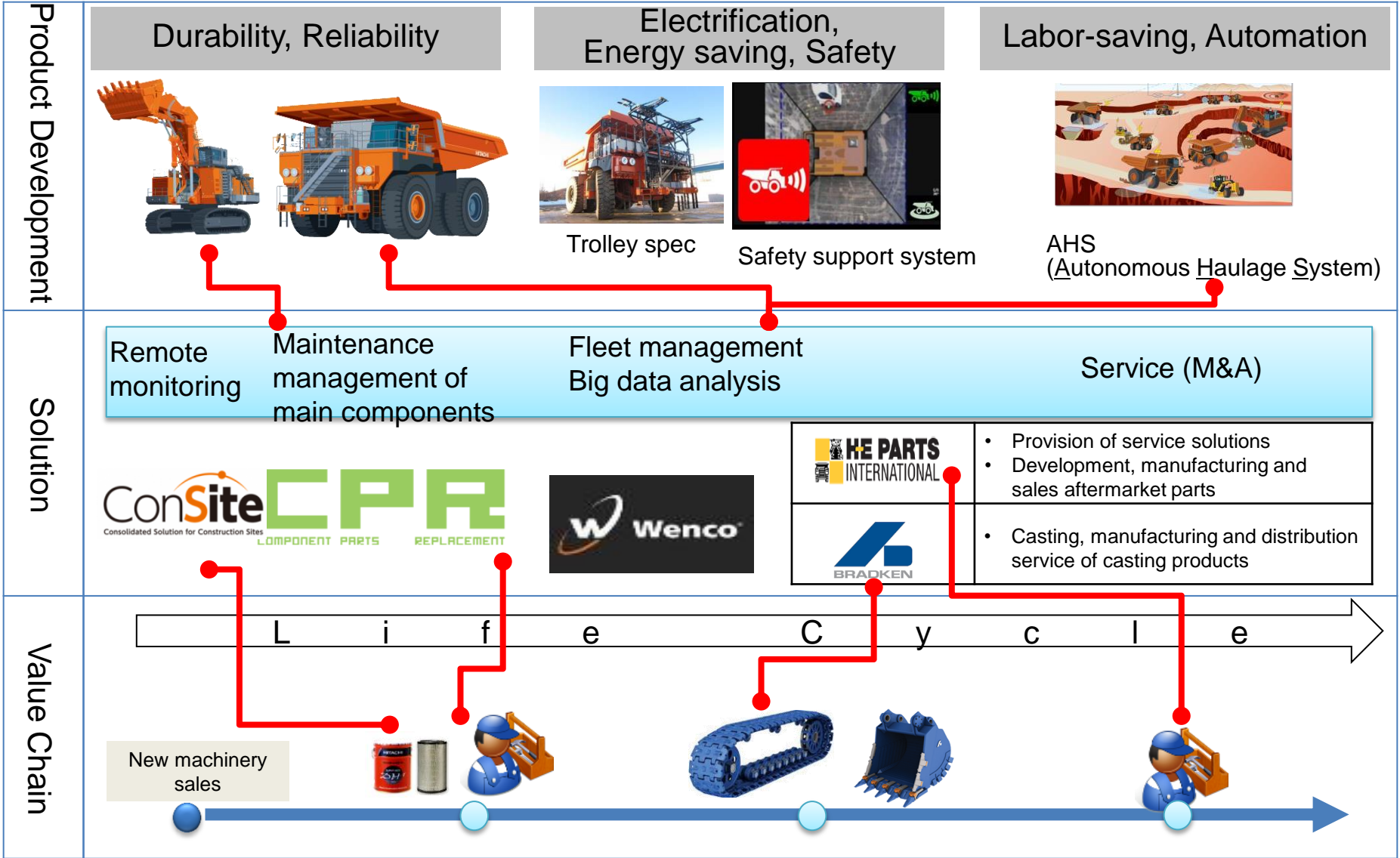


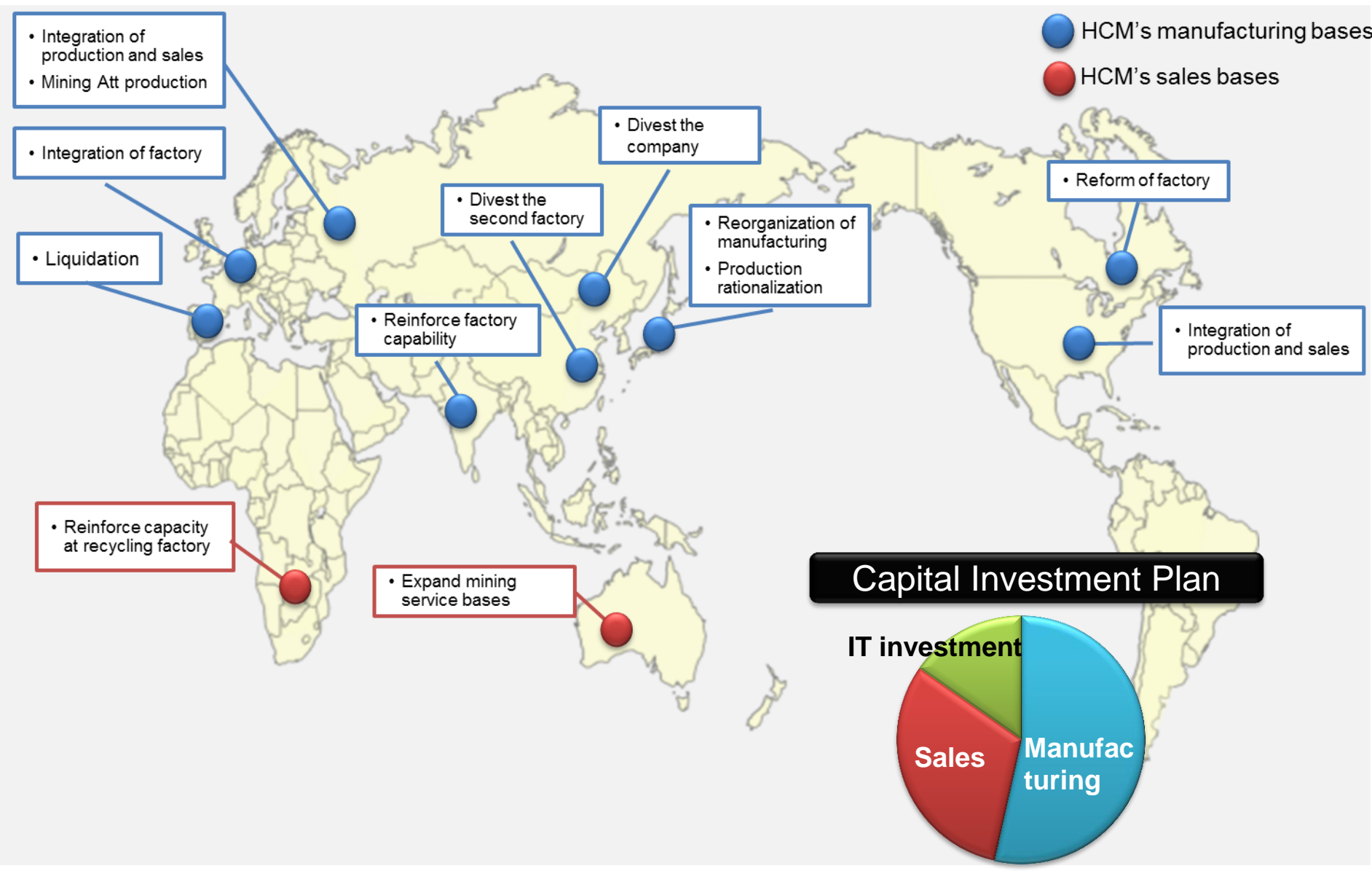
Customer interests: Safety and productivity improvement, reduction of life cycle cost

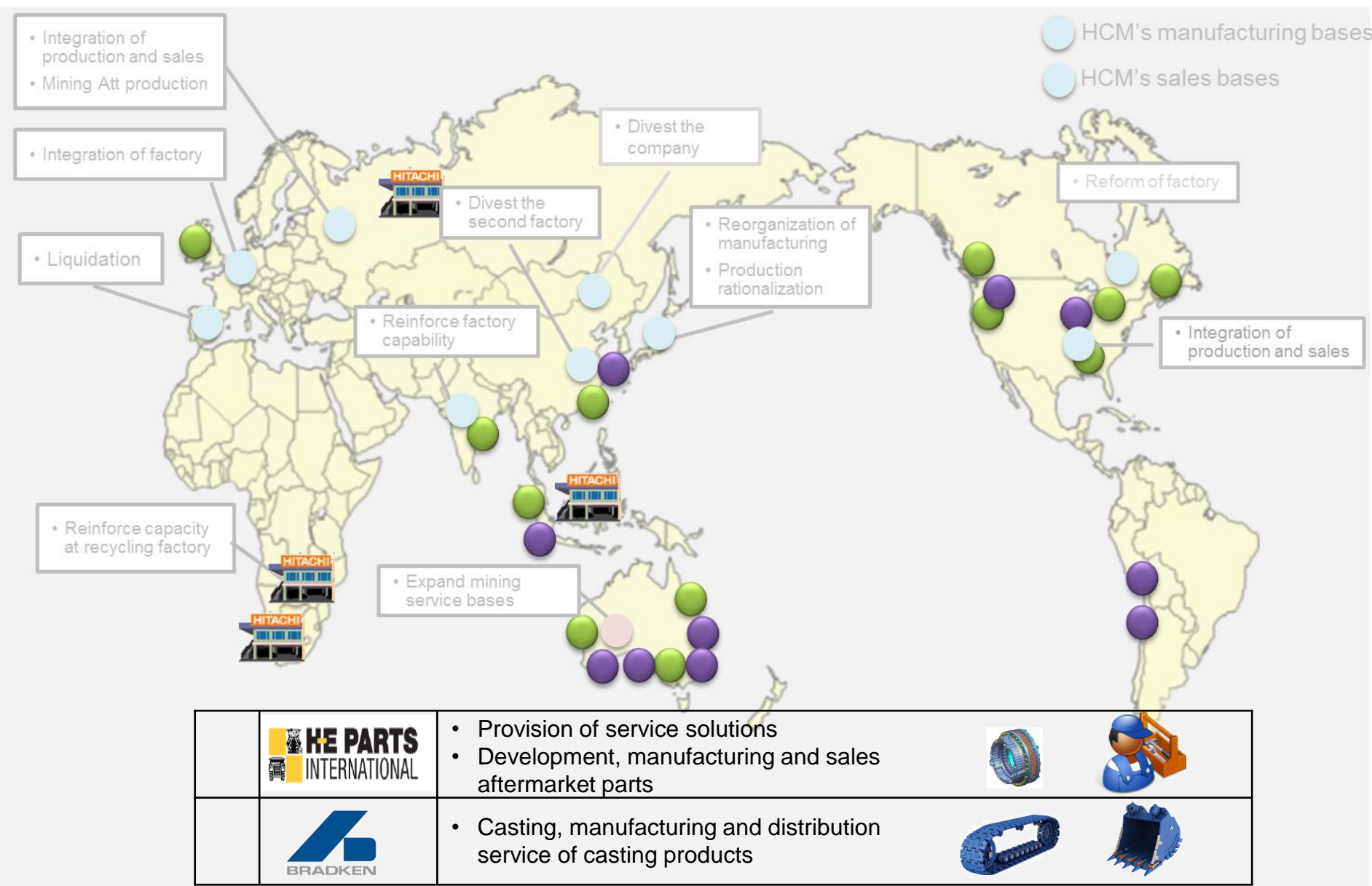
Value chain →











Transform to the corporate structure with high adaptability to changes by improving the profitability and efficiency through value chain enhancement and business structure reform

	GT2016 <FY2016>	CT2019 <FY2019>
Adjusted operating income ratio	3.7%	Over 9%
ROE	2.0%	Over 9%
Net D/E ratio	0.46	0.4 or less
Dividend payout policy	31.8%	Approximately 30% or more

< FY2019 preconditions >

Sales revenue	¥850 billion	Foreign exchange rate	\$1=¥100 / €1=¥110 / RMB1=¥15
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Integrate the CSR initiatives with the management strategy, and contribute to the social issues through business

Create a corporate value from the mid-/long-term perspective, and Promote information disclosure from the ESG perspective

FY2030  
CSV target

**Corporate Target**  
CO2 saving rate by product  
(comparison with 2010)▲33%

**Solution Target**  
Improvement of productivity  
and safety, reduction of life  
cycle cost



Hybrid machinery

## 3 CSV Themes

Three themes having high social expectations and a high level of correlation with our business operations

Solutions to global environmental issues

Contribution to community development

Enhanced initiatives to increase social infrastructure workforce



ICT machinery

CSV: Creating Shared Value

## Basic 5 themes ... essential contents for realizing the 3 key CSV themes

- |   |  |  |  |               |
|---|--|--|--|---------------|
| 1. Pursuit of safe, effective and sophisticated products, services and working environments | 2. Occupational safety and work-style reform | 3. Development of global and local human resources | 4. Making better business transactions and value chain enhancement | 5. Governance |
|---|--|--|--|---------------|

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# END

For further inquiries:

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## [Cautionary Statement]

This material contains forward-looking statements that reflect our views and assumptions in light of the information currently available with respect to certain future events, including the Company's expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets, changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.